



ESSENTIAL METALS

for a sustainable future

ASX Code: ESS

Corporate Profile

Shares on issue: 240,839,974
Cash: \$9m (30 Sep 2021)
Debt: Nil

KEY PROJECTS

LITHIUM Pioneer Dome
GOLD Golden Ridge
GOLD Juglah Dome

Joint Ventures (ESS %)

1x lithium project (51%)*
2x nickel projects (20-25%)**
4x gold projects (25-30%)**
*Sale is subject to an option agreement
** Free carried to a decision to mine

Corporate Directory

Non-Executive Chairman
Craig McGown

Non-Executive Directors
Paul Payne
Warren Hallam

Managing Director
Timothy Spencer

CFO & Company Secretary
Carl Travaglini

Exploration Manager
Andrew Dunn

Investor Relations

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25 October 2021

Essential Metals to divest its 51% interest in non-core Mavis Lake Lithium Project, Canada

The transaction will realise \$1.6M in cash & shares + \$1.5M cash linked to milestones for Essential, reinforcing its focus on the Pioneer Dome Lithium Project in WA

HIGHLIGHTS

- Essential Metals Limited ("Essential") and International Lithium Corporation ("ILC"), Joint Venture partners in the Mavis Lake Lithium Project in Ontario, Canada (the "Project"), have agreed to divest 100% of the Project to Critical Resources Limited (ASX: CRR "Critical Resources") under an Option Agreement.

Critical Resources will pay \$175,000 for the right to acquire 100% of the Project, exercisable by 4 January 2022. Upon electing to acquire the Project, Critical Resources will pay/issue the following, with Essential and ILC will sharing the proceeds equally:

- \$1,500,000 cash; and
- 68 million shares in Critical Resources at a price of \$0.022 per share (with a deemed value of \$1.5 million).

In addition, milestone payments totalling \$3 million will be payable on the definition of a lithium resource (refer below for further information).

- Essential is taking advantage of the current strong sentiment in the lithium sector to divest a non-core, early-stage exploration asset located in Canada, consistent with its focus on its WA lithium and gold projects.

Essential Metals Managing Director, Tim Spencer, said: *"The strong interest in lithium has allowed Essential and ILC to monetize an early-stage, non-core asset on favourable terms. Retaining upside exposure via a shareholding in Critical Resources means we will benefit from any success the Critical Resources team has in advancing Mavis Lake."*

"We will continue to focus our efforts on the Company's first-class West Australian lithium and gold projects, with the rapid advancement of the Pioneer Dome Lithium Project in WA's Eastern Goldfields being our highest priority."



Key Commercial Terms

Critical Resources Limited, Essential Metals Limited and International Lithium Corporation (ILC) have agreed the key commercial terms under which Essential and ILC will sell their respective interests in the Mavis Lake Lithium Project Joint Venture located in Ontario, Canada, to Critical Resources.

Critical Resources paid \$25,000 in total to Essential and ILC for exclusivity to negotiate a binding agreement to acquire 100% of the Mavis Lake Lithium Project.

Critical Resources and Essential have signed a binding term sheet under which Critical Resources has an exclusive option to acquire 100% of the shares in Pioneer Canada Lithium Corporation ("PCLC"), a 100%-owned Canadian subsidiary of Essential and holder of Essential's 51% interest in the Mavis Lake Lithium Project Joint Venture with ILC. Critical Resources has also signed a binding term sheet with ILC to acquire its 49% interest the Joint Venture with ILC waiving its entitlement to a 1.5% Project royalty.

Under the binding term sheet with Essential, Critical Resources will pay Essential an exclusivity fee of \$87,500 cash to acquire Essential's 51% interest in the Mavis Lake Joint Venture. Critical Resources has until 4 January 2022 to elect to proceed with the acquisition. Critical Resources will use the exclusivity period to conduct due legal and technical diligence and to call a shareholder meeting to seek approval to undertake a capital raising.

Upon electing to proceed, Critical Resource will acquire all the shares in PCLC from Essential and will:

- Pay \$750,000 in cash to Essential; and
- Issue 34 million fully paid ordinary listed shares in Critical Resources to Essential. These shares are not subject to an escrow period.

The following contingent milestone payments will be attached to the Project:

- Following the definition of a Mineral Resource Estimate (as defined in the JORC Code 2012) for the Project with a volume of not less than 5Mt containing not less than 50,000t of Li₂O using a cut-off grade of not less than 0.4% Li₂O, Essential will receive \$750,000 in cash; and
- Following the definition of a Mineral Resource Estimate (as defined in the JORC Code 2012) for the Project with a volume of not less than 10Mt containing not less than 100,000t of Li₂O using a cut-off grade of not less than 0.4% Li₂O, Essential will receive a further \$750,000 in cash.

The binding term sheet contains the usual warranties and conditions precedent for this type of transaction including that Critical Resources raises no less than A\$3.5 million via an equity capital raising (gross proceeds).

This ASX release has been approved by the Board of Directors.

For further information:

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Investor Relations

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ABOUT ESSENTIAL METALS LIMITED

Essential Metals is a well-funded and active explorer focussed on the discovery of key global demand-driven commodities, for the creation of shareholder wealth through exploration and project development. The Company operates **three strategically located lithium and gold projects** in Western Australia.

100% OWNED AND MANAGED PROJECTS:

- **LITHIUM:** The **Pioneer Dome Lithium Project** is highly prospective for lithium-caesium-tantalum (LCT) mineral systems and includes the **Dome North Lithium Mineral Resource** of 11.2 million tonnes @ 1.21% lithium (Li_2O)¹.
- **GOLD:** The **Juglah Dome Project** is located 60km east-south-east of Kalgoorlie and is considered to be highly prospective for gold and has potential for VHMS style polymetallic deposits.
- **GOLD:** The **Golden Ridge Project** is located ~20km south-east of Kalgoorlie, WA. Our activities are focussed on reappraising known prospects as well as identifying new areas within the large land tenure.

JOINT VENTURE INTERESTS:

- **LITHIUM:** The Company holds a 51% Project interest in the **Mavis Lake** Project, Ontario, Canada where drilling has intersected spodumene [now subject to a sale option agreement with Critical Resources Limited].
- **GOLD:** The **Acra** Project is near Kalgoorlie. Northern Star Resources Limited (ASX:NST) has earned a 75% Project Interest and continues to fully fund exploration programmes until approval of a Mining Proposal by DMIRS is received with Essential Metals holding a 25% interest.
- **GOLD:** The **Kangan** Project is in the West Pilbara and part of a joint venture with Novo Resources Corp (TSXV:NVO) and Sumitomo Corporation (TYO:8053), who will jointly fund 100% of gold exploration programmes until a decision to mine is made, with Essential Metals holding a 30% interest.
- **GOLD:** The **Balagundi** Project is subject to a farmin & JV agreement where Black Cat Syndicate Limited (ASX:BC8) is earning a 75% interest in the Project located at Bulong, near Kalgoorlie. Black Cat will then fully fund gold exploration programmes until a decision to mine is made, with Essential Metals retaining a 25% interest.
- **GOLD:** The Company holds a 25% free-carried interest (20% for nickel rights) in the **Larkinville** Project near Kambalda, WA, with Maximus Resources Ltd (ASX:MXR).
- **NICKEL:** The nickel mineral rights on the **Blair-Golden Ridge** Project, which includes the suspended Blair Nickel Sulphide Mine, are subject to a Farmin/Joint Venture with Crest Investment Group, a nickel exploration specialist which is earning up to a 75% interest. The Company will retain a 25% free-carried interest up to a decision to mine.
- **NICKEL:** The Company holds a 20% free-carried interest (nickel only) in the **Wattle Dam** project near Kambalda, WA, with Maximus Resources Ltd (ASX:MXR).

¹ Refer to ASX announcement dated 29 September 2020 "Dome North Lithium Project – Resource Upgrade"



Forward Looking Statement

This announcement may contain forward-looking statements which involve a number of risks and uncertainties. These forward looking statements are expressed in good faith and believed to have a reasonable basis. These statements reflect current expectations, intentions or strategies regarding the future and assumptions based on currently available information. Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary from the expectations, intentions and strategies described in this announcement. No obligation is assumed to update forward looking statements if these beliefs, opinions, and estimates should change or to reflect other future developments.

Reference to previous market announcements: The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The company confirms that the form and context in which Exploration Results or Competent Person's findings are presented have not been materially modified from the original market announcements.